On February 4, 1970, Greyhound applied to the Interstate Commerce Commission for authority to issue stock to General Host. When the Department of Justice learned of this filing in early March, it called the Commission's attention to the pendency of the appeal in this case (which would likely determine the legality of Greyhound's proposed action), stated that the government would challenge the Greyhound acquisition under the meat packers decree if it were to occur, and urged the Commission to defer ruling upon the application pending this Court's decision. Greyhound had previously advised a Department of Justice attorney that it would proceed to consummate the acquisition upon receipt of ICC authority. The Commission declined to stay its hand, and on the afternoon of Thursday, May 14, 1970, it entered an order authorizing the stock issuance to take place immediately; the order itself was not issued until Friday, May 15, but a press release was issued by the Commission on the afternoon of May 14. The Department learned of the order through a telephone call from a Greyhound representative to a Department attorney late on the afternoon of May 14; the representative advised that Greyhound would seek to consummate the transaction as soon as possible.

The stock transfer was consummated shortly before 8:00 p.m. that same evening, at a time when the United States was about to apply to Mr. Justice Marshall, at his home, for a temporary injunction against such consummation. The government had earlier informed General Host's counsel of its intention to seek such relief and had requested that the transaction be deferred for 24 hours to permit the filing and determination of the application; General Host's counsel forwarded such request to the parties in Chicago, where the closing took place, but they refused the postponement.

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in industrial catering and operates restaurants, cafeterias and other eating facilities in commercial plants, bus stations and elsewhere.

A. The Case Is Not Moot

1. *The controversy between the United States and General Host has not been exhausted by the termination of General Host's stock ownership in Armour.*

As noted above, the basic relief sought by the United States in this proceeding under the continuing meat packers decree has been an order requiring General Host to divest itself of its Armour stock. It is true that General Host has now ceased to own the stock. But that simple fact has not provided the result that the government has sought in this proceeding, since the transferee of the stock is equally objectionable under the theory of this case. And we do not believe that this Court, or the district court, has been rendered powerless to remedy this precipitous transfer of the stock—assuming, as we must throughout this memorandum, that the government will or may prevail, either here or on remand, in its position that a food company's ownership of a meat packer violates the decree.

As we have shown in our brief in this case (pp. 31-32), the remedial aspects of antitrust cases, especially those involving structural relief, are of crucial importance. This Court has recognized explicitly that an antitrust proceeding is "a futile exercise if the government proves a violation but fails to secure a remedy adequate to redress it" (*United States* v. *duPont & Co.*, 366 U.S. 316, 323). Thus, a proceeding attacking a combination of two companies is a meaningless gesture if the result of a determination that the combination violates the antitrust laws (or a structural decree thereunder) is simply the substitution of a new combination that is also a violation. For this reason, the relief sought and obtained in such cases ordinarily includes not only divestiture by the defendant but also court approval of the transferee and supervision of the transfer. *E.g.*, *United States* v. *Anheuser-Busch*, 1960 Trade Cas. ¶ 69,599. We are unaware of any challenge to the proposition that a court's powers in an equitable antitrust action permit

(and indeed require) it to disapprove any proposed divestiture that would itself create an anticompetitive situation.[3]

In this case, the government has sought not only General Host's divestiture of Armour, but further a divestiture that would itself result in a situation consistent with the meat packers decree. We contend that if General Host cannot own Armour, Greyhound also cannot, unless it first disposes of certain of its other food interests; Greyhound and General Host have for some time been on formal notice that the government takes this position. Thus, if we prevail here against General Host, we would argue to the district court on remand that it should prohibit any transfer of Armour to any company such as Greyhound. But General Host has now deliberately sought to prevent the government from obtaining, and indeed has sought to oust this Court and the district court of the power to grant a complete remedy. Thus, far from creating the situation that would have resulted from a government victory, General Host's action has been calculated to make it impossible for that situation ever to occur.

We do not think that this Court or the district court, as courts of equity and in the light of the All Writs Act, 28 U.S.C. 1651(a), are impotent to fashion a remedy for such an attempt to oust them of jurisdiction to decide the whole controversy before them. We see no reason why the transfer could not be ordered rescinded in such a way as to restore the status quo for purposes of the litigation; alternatively, as we shall suggest in the following section, the courts could fashion a remedy against Greyhound in this case that would effectuate the requirement that Armour's ownership be consistent with the outstanding decree. In either event, it cannot

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[3] To be sure, the government's petition in the district court, which the appellee quotes in part in its motion, did not explicitly ask the court to approve the transferee. But the petition did include a general prayer for "such other and further relief as the nature of this case may require and the Court may deem proper in the premises" (A. 49), and such a prayer plainly encompasses such court supervision of divestiture.

seriously be argued that General Host's controversy with the United States is moot under the stringent test applicable in such cases as this. *United States* v. *Concentrated Phosphate Export Association*, 393 U.S. 199, 203. Rather, the controversy has been aggravated.[4]

2. *In any event, there remains an active controversy between the United States and Greyhound, which can and should be made a party to the litigation.*

As we have stated, the Department of Justice has determined that appropriate steps should now be taken to require Greyhound to divest itself of its Armour stock. If that result could not be accomplished in the present proceeding, the government would promptly initiate a new proceeding in the district court, substantially identical to that initiated against General Host in 1969. The basic issue in such a new proceeding, supplemental, like the present one, to the continuing proceeding in which the district court supervises the underlying decree, would be the precise issue that is awaiting decision in this Court; whether the decree precludes Armour's acquisition by a company engaged in a line of business prohibited to Armour. And, if the district court again rejected the government's position, the matter would likely return to this Court next Term. But we do not believe that such circuitous further proceedings should be necessary to resolve this issue which continues to be vital in the ongoing decree proceeding. Rather, we believe that it would be appropriate to make Greyhound a party to the present proceeding so that this issue can be promptly resolved as to Greyhound as well as General Host.

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[4] Moreover, even though General Host has now disposed of its stock interest in Armour in the manner described above, it would be appropriate for the district court on remand to consider whether relief other than a proper divestiture order is now required against General Host itself. Particularly in light of General Host's recent conduct, the district court might decide to enjoin it from entering into any other intercorporate relationship forbidden by the decree. The propriety of and need for such relief are thus additional matters that remain in controversy between General Host and the United States.

In this connection, we note that Rule 25(c) of the Federal Rules of Civil Procedure provides that

> In case of any transfer of interest, the action may be continued by or against the original party, unless the court on motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party.

Initially, this provision answers any argument by General Host that its disposal of the Armour stock creates a procedural obstacle to the continuation of the litigation against it. More to the present point, the Rule makes it clear that the district court, on remand from this Court, could appropriately join Greyhound as a party so as to fashion a complete remedy for the situation that has now occurred. Such action would, moreover, be consistent with the court's power under Section 5 of the Sherman Act, 15 U.S.C. 5, to bring additional parties before it in an antitrust action when the ends of justice so require (see Brief for the United States, p. 19). Certainly when the propriety of the ownership and disposition of stock is in litigation such as this, the knowing transferee of such stock is a proper party to the litigation whose presence is required by the ends of justice.[5]

By the application of similar principles inherent in this Court's jurisdiction,[6] this Court could make Greyhound a full party to the present appeal. However—apart from the matter of interim relief, which we discuss in the next section—we see no present reason to do so, since the case has been fully briefed and argued here and presumably is approaching decision. Since the case is not moot in any event, it would seem most appropriate to proceed to decide it as it has been presented here; if

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[5] In any event, Greyhound would be governed by any decree issued against General Host under F.R. Civ. P. 65(d). Its purchase of the Armour stock has amounted to "active concert or participation" with General Host, and Greyhound has had full notice of all pertinent aspects of the present proceeding.

[6] E.g., 28 U.S.C. 1651(a); compare F.R. App. P. 43(b), which contemplates that the courts of appeals have a general power to substitute parties.

the United States prevails, the case could then be remanded to the district court for further proceedings in light of this Court's opinion and the changed circumstances. In the interest of judicial economy, this Court might consider it appropriate to instruct the district court to join Greyhound as a party on remand so that the remaining issues can be expeditiously resolved.[7]

We recognize, of course, that Greyhound is entitled to a hearing as to any matters pertinent to the fashioning of a remedy. In any event, no hypertechnical concept of mootness—even if General Host's "divestiture" were deemed to remove it as an adverse party—should be allowed to prevent resolution of the issues that remain in this continuing controversy, and the fashioning of appropriate relief in the district court. See *Southern Pacific Terminal Co.* v. *Interstate Commerce Commission*, 219 U.S. 498, 515-516.

B. This Court Should Enjoin Greyhound From Increasing Or Exercising Its Stock Control Over Armour Pendente Lite.

General Host's motion states that its nominees on the Armour board of directors have submitted their resignations, presumably in favor of persons to be nominated by Greyhound. In addition, Greyhound has announced that it will seek to purchase the remaining outstanding shares of Armour stock within a year, apparently looking toward 100 per cent ownership of Armour by Greyhound. *Wall Street Journal*, May 15, 1970, p. 8, Col. 2. There are, no doubt, other steps that Greyhound will be taking to consolidate, enhance and utilize its control of Armour in the future. Especially in the light of the circumstances relating to Greyhound's acquisition of control, it would be appropriate for this Court to preserve the status quo—insofar as now possible—by en-

[7] Even if the Court were to disagree with us on the merits, it is desirable for it to decide the case at this time, in order to avoid the further judicial proceedings with respect to the legality under the decree of Greyhound's ownership of the Armour stock (see page 6, *supra*) that would otherwise result.

joining such further steps until the government has the opportunity to litigate the legality of the steps that have already been taken. For the reasons stated in the preceding section, there is no doubt of this Court's power to enter such an order.

CONCLUSION

For the reasons stated herein and in our brief and oral argument, the Court should proceed to decide the case as submitted to it and should enjoin Greyhound from increasing or utilizing its control of Armour pending the determination of the legality of such control. The order of the district court should be reversed and the case remanded with instructions to make both General Host and Greyhound parties, to consider the legality of Greyhound's control of Armour in light of this Court's decision, and to provide appropriate relief against such control.

Respectfully submitted.

ERWIN N. GRISWOLD
Solicitor General

MAY 20, 1970.

[Caption Omitted in Printing]

GREYHOUND'S ANSWER TO APPELLANT'S APPLICATION

MAY IT PLEASE THE COURT:

This Court is now requested to take original jurisdiction over The Greyhound Corporation so that it can be made a party to an ancient, ambiguous and intricate equity decree entered in the District of Columbia—by agreement—on February 27, 1920. The Decree speaks to practices which are now historic anachronisms—the use by the meat packers of "public stockyards," "stockyard terminal railroads," "market newspapers," "packing houses," and a distribution system based on "branch house route cars and auto trucks." (Appendix, pp. 29-30). The only vitality of the Decree in terms of post-1940 food distribution is the use of "retail meat markets." (Appendix, p. 36).

The Greyhound Corporation is primarily a transportation company, with not one retail market, stockyard packing house, branch house, route car or auto truck. Greyhound does not manufacture nor sell through retail markets any products referred to in the Decree and is not a "successor" to the position of General Host in that regard. The application of the 1920 Packers Decree to Greyhound is arrived at by a strained and belated analysis of the agreement which the parties, including appellant, have consistently interpreted to permit a relationship now attacked.

I. *The nature of the relationship on which appellant keys its appeal has been approved and solicited by Government, which cannot now disavow such repeated interpretations of an agreement to which it is bound.*

The facts are these:

1. The argument that any controlling investment in a packer places the packer in a "relationship" prohibited by the Decree if the investor deals in Decree products

was abandoned many years ago when both Armour and Government interpreted the Decree so as to permit Armour & Company and the Union Stock Yard & Transit Company to be controlled by the same entity. This matter was articulately stated in the General Host brief (p. 18 et seq.).

2. This "interpretation," otherwise controlling, is now circumvented by a further sophistication and refinement of the Decree: since Armour and the Stock Yards were controlled by an *individual*—Mr. Prince—the provisions of the Decree were not violated until it is shown that the individual owned more than 50% of the common stock of both companies (Appellant's brief, p. 28).

3. The Government has thus advised this Court that General Host, a corporation, is not graced with such immunity and has violated the Decree by acquiring common stock control of a packer *if that acquiring corporation has any products which are prohibited by the Decree.* Appellant's position was succinctly stated as follows:

> "The Decree was thus intended to estop an absolute separation between Armour and any *firm* engaged in the forbidden lines. There could be no intercorporate proprietary relationship of any kind." (Appellant's brief, p. 27).

By such reasoning, General Host and now Greyhound, as corporations, cannot acquire control of a packer since any sale or use of "Decree" products by such a corporation places the packer in a "relationship" violating the Decree.

4. As this highly technical interpretation of the 1920 Packers Decree was being urged on this Court to impose first on General Host and now on The Greyhound Corporation responsibilities far beyond the intent of the document, the Department of Justice was concurrently urging a different interpretation in Federal Court in Pittsburgh involving another packer, Wilson & Co. (Exhibit A, Exhibit B, pp. 10-12). The Greyhound Corporation submits that the interpretation placed on the Decree in that litigation *on a corporation—not an individual*—is control-

ling. Wilson & Co., Inc. by that agreement and proposed settlement will be placed in technical violation of the Packers Decree by a "relationship" with Jones & Laughlin Steel Company. The duplicitous, unfair and inconsistent position is dramatically set forth in that "related" proceeding in which the long-standing Decree "interpretation" argued to this Court by General Host is accepted by the Government. LTV, the principal defendant in Pittsburgh, owns 81.3% of the common stock of Wilson & Co., another major packer, which agreed to the February 1920 Decree. As a result of the Pittsburgh proceedings, appellant has agreed that Wilson & Co. can be part of a system which also includes Jones & Laughlin, a major steel company also owned by LTV.

The 1920 Decree is not limited to food products. Its unique provisions foreclose Armour and Wilson from manufacturing or distributing such obscure products as "bumper posts," "Babbitt," and "fruit pitting equipment" (Appendix, p. 33). The Decree in unmistakably clear language precludes each packer from manufacturing or distributing "bar-iron" and "structural steel" (Appendix, p. 33), products handled in enormous quantities by Jones & Laughlin. The Government therefore agrees—publicly—and solicits a federal court to accept a "relationship" in which a packer—Wilson & Co.—is commonly owned by interests dealing in prohibited products. It is manifestly implicit in that "settlement" that the public interest is not affected by such a "relationship" and the Decree has not been violated.

5. The Greyhound Corporation has an identical corporate structure to LTV and the similarity between the two cases is striking (Exhibit C). First, LTV controls many companies which are operated as subsidiaries. Greyhound Corporation operates on exactly the same basis. Second, each system (LTV or Greyhound Corporation) has approximately 80% of the common stock of a major packer (Wilson & Co. and Armour). Third, each system has an interest in a company that at least "uses" products included in the Packers Decree (Jones & Laughlin—Greyhound Prophet Restaurants). Finally, both holding companies have substantial business in non-

Decree products and do not use retail markets. Appellant's reasoning in the LTV case permits the packer to maintain a "relationship" with a division manufacturing and selling competitive products.

A reasonable certainty about the scope of antitrust prohibitions is imperative for just enforcement of the antitrust laws. No one purposefully breaks the law, if he knows what it is. Recognizing that fact, the Department of Justice has resorted with increasing frequency to publicizing its interpretation of the antitrust laws in the form of guidelines upon which the public may rely.

Although such procedures are not followed where the Government enforces antitrust decrees, the same public awareness and reliance results. When the Government acts or declines to take action to enforce a decree in a particular situation, it has declared its interpretation and construction of that decree to the public. When LTV, Inc. obained a controlling interest in Wilson & Co., the Government remained silent. No claim was asserted or even intimated that the acquisition was subject to the Packers Decree. To the informed public, the Government's acquiescence was tantamount to a public proclamation that the Packers Decree does not operate in reverse to preclude the acquisition of a controlling interest in a company subject to its prohibitions. Moreover, the Government must have anticipated that others would rely upon its "declared" position.

The Government now seeks to repudiate its prior interpretation of the Packers Decree and subject Greyhound to its reach. That cannot be done; it is unjust and virtually amounts to entrapment. The interpretation which the Government has given to a consent decree cannot lightly be abandoned. In *United States* v. *Atlantic Refining Co.*, 360 U.S. 19 (1959), the Government attempted to renounce its previous position, claiming for the first time that "the decree imposed limits it had not previously sought to enforce." (360 U.S. at 23) The court rejected the new construction urged by the Government, ruling that it "cannot be reconciled with the consistent reading given to the decree" by the parties, 360 U.S. at 22. Clearly, the interpretation which

the parties have given to a consent decree by their actions is a strong indication of its meaning. See *Donohue* v. *Vosper*, 243 U.S. 59 (1917).

The importance of the parties' interpretation of a consent decree is based to some extent upon its unique nature as a judicially sanctioned and approved agreement which in the first instance has been reached by the parties. *Hart Schaffner & Marx* v. *Alexander's Dept. Stores, Inc.*, 341 F. 2d 101 (2nd Cir. 1965); *Butler* v. *Denton*, 57 F. Supp. 656 (E.D. Okla. 1944); aff'd 150 F. 2d 687 (10th Cir. 1945); *United States* v. *Hartford-Empire Co.*, 1 F.R.D. 424 (N.D. Ohio 1940). Being akin to a contract, the operation and effect of a consent judgment is determined by rules of construction applicable to contracts. (49 C.J.S., *Judgments*, § 178) The practical interpretation placed upon an agreement by the parties is given great weight in construing its meaning. (3 Corbin, *Contracts*, § 558) Similarly, the interpretations of a consent decree as evidenced by the actions of the parties is the clearest and best indication of the scope and effect of the decree.

Judicial reluctance to permit unilateral abrogation of consent decrees finds a close analogy in statutory construction. The interpretation of a statute by a governmental body charged with its enforcement is entitled to great weight and will be followed unless clearly erroneous, e.g. *FTC* v. *Texaco, Inc.*, 393 U.S. 223 (1968); *FTC* v. *Borden Co.*, 383 U.S. 637 (1966); *United States* v. *Zucca*, 351 U.S. 91 (1956); *United States* v. *Chicago North Shore & M. R.R.*, 228 U.S. 1 (1933). Thus, an abrupt repudiation of established statutory construction by the governmental body will be disregarded. *United States* v. *Leslie Salt Co.*, 350 U.S. 383 (1956). *Cf.*, *New York, C. & St. L. R.R.* v. *Frank*, 314 U.S. 360 (1941). In the *Leslie Salt* case, the court expressed the prevalent opinion when it stated, 350 U.S. at 396:

> "Against the Treasury's prior long standing and consistent administrative interpretation its more recent *ad hoc* contention as to how the statute should be construed cannot stand."

In short, appellant has unfairly represented its position and seeks to revise and extend this unique and aged Decree to companies such as Greyhound and abrogate the interpretation placed on the document by the parties thereto. The historical anachronisms of this Decree include prohibitions on the manufacture and sale of "bumper posts," "wire fences," "Babbitt," "builders' hardware" and "soda fountains" (Appendix, p. 33). If the Government's current position is to be taken seriously, a comprehensive analysis of Jones & Laughlin's steel, iron and miscellaneous production must be made to determine whether even a scintilla of such merchandise somehow relevant to 1920 meat packing distribution precludes the "relationship" between Wilson & Co. and Jones & Laughlin. No such analysis or application has been made public for others to rely on. Rather, the total absence of any such analysis demonstrates conclusively that appellant, too, agrees with the historical anomolies of this document as appropriate to current corporate activity and thereby places an interpretation on the Decree by a party who agreed to it which fairness and equity requires should be controlling as to this issue as the analogy between Greyhound's investment and that of LTV is unmistakably clear.

II. *Greyhound is not a successor to the position of General Host and the "use" by Greyhound of food products is not inconsistent with the Decree.*

In order to make any rational analysis of appellant's position in the General Host case compared to that represented to the public in the Pittsburgh Federal Court in LTV, it is necessary to assume that some controlling investments in a major packer do not place the packer in violation of the Decree even though other corporations in the system deal in prohibited products. Presumably, General Host, which is predominantly a food company and with many retail food stores, is specifically precluded from owning Armour & Co. stock as a controlling interest because of the express prohibition in the Decree concerning "retail meat markets." While the position of appellant is not wholly consistent with this argument,

it at least admits of such rationalization in light of appellant's interpretation of the Decree in other litigation. A primary food company with basic retail meat distribution conceivably should not have a corporate "alliance" with a packer but another company with a far less significant position in Decree products might with impunity own a packer and not thereby place the packer in a "relationship" contrary to the Decree. Such logic at least makes appellant's otherwise conflicting positions on LTV and General Host consistent.

Greyhound does not accept footnote (2), page 3 of the Memorandum in Opposition to Motion to Dismiss (and similar assertions) that:

> "It is undisputed that, through subsidiaries, Greyhound deals in many of the food products forbidden to Armour."

Greyhound "*deals*" in food products only in the limited sense that, through subsidiaries, it *buys* food for preparation of meals served by its catering service or restaurants operated in conjunction with its bus business. It *sells* food only in prepared means as a restauranteur. It does not read the Packers Decree as barring Armour from the restaurant business. There is a vast difference between Greyhound's restaurant operations and the operation of General Host as a proprietor of a chain of grocery stores.

In sum, Greyhound suggests that an affirmance of the District Court would, *a fortiori*, dispose of the theories the Justice Department now tenders against Greyhound; conversely, an overruling of the District Court would not necessarily determine that Greyhound's control of Armour was illegal although it might shed some light on that subject.

III. *Other Equities.*

The Greyhound Corporation repeatedly advised the Department of Justice that on approval of the ICC the agreement would be consummated. At the time that Greyhound paid the 70 odd million dollars set forth as consideration in the General Host contract, the position

of the Department of Justice concerning the "relationship" of Wilson & Co. to Jones & Laughlin was a common public fact. (Exhibit B) While it is true that the Department of Justice had indicated to The Greyhound Corporation through its attorneys in 1969 that the Decree would be technically violated if The Greyhound Corporation had controlling interest in Armour, the validity of that position was eroded by the public announcement of the Wilson settlement. In short, on May 14, 1970 it was inconceivable that the appellant on almost identical facts would take a wholly different and conflicting position. Rather, the unique and striking similarity between LTV's investment in a packer and another company manufacturing Decree products appeared controlling and indicated an open interpretation of the Packers Decree which did not automatically establish the technical violation referred to earlier. From March of 1969 through May 14, 1970, appellant had every opportunity to bring Greyhound Corporation into this case and every opportunity to enjoin General Host from consummating the sale which the Justice Department was well aware of. In fact, the statements made by the Justice Department to the Interstate Commerce Commission indicate a consistent surveillance of The Greyhound Corporation's activities with respect to the contract. It is unfair and grossly inequitable for appellant to now contend that some form of injunction or rescission be applied to The Greyhound Corporation at a time when the Court's disposition of appellant's appeal is imminent and after a purported attempt to bring The Greyhound Corporation before the Supreme Court as an original party in order to immediately thereafter obtain some permanent and inequitable injunction. The Greyhound Corporation respectfully submits that the equities of this case are not with appellant.

The suggestion to the Supreme Court that a restraining order or injunction be entered against Greyhound and that incidentally thereto the Court take jurisdiction over Greyhound is in our view unprecedented. To begin with, in November and again in February, the Justice Department was formally advised that The Greyhound

Corporation would in fact close the transaction immediately on notice from the ICC. This matter was discussed fully with the Department of Justice and they were well aware of Greyhound's position in that regard; knowing that position the Justice Department then sought to have the ICC decision stayed, pending the decision of the Supreme Court. Throughout these many months the Justice Department has never sought to have Greyhound added to this case and at no time since docketing the appeal has there been any suggestion to the Supreme Court that General Host be restrained from "closing" the transaction. On the eve of this Court's decision, the Government contends that some immediate harm will occur—unspecified—requiring an injunction to issue. Such purported urgency is one of the Government's own doing.

To seek a restraining order on a non-party by asking the Supreme Court to take original jurisdiction of the non-party is likewise unprecedented. We know of no authority to support that proposition. This supposed urgency threatening some vague damage to a packer as a result of a stock exchange between Host and Greyhound must also be considered in the light of the Wilson & Co. analogy in which the Government solicits a court to approve an identical arrangement. The logic of that court recommendation in which LTV is permitted to own both a major steel company and a packer casts considerable doubt on the notion that irreparable harm will befall anyone who has a "relationship" with both Decree products and a packer.

With all due respect to the Solicitor General, the specific statement that General Host has sought to "oust this court and the District Court of the power to grant a complete remedy" is without any foundation. A temporary injunction is unnecessary.

IV. *The case should be disposed of.*

Passing each of the above arguments, The Greyhound Corporation must necessarily agree with the Solicitor General in his candid statement that "we do not believe

that . . . circuitous further proceedings should be necessary to resolve this issue (page 6 of the Memorandum in Opposition to Motion to Dismiss for Mootness). Greyhound Corporation agrees with the principle that this Court should decide the appeal of appellant. The logic of the argument that the Court will soon be troubled with a related issue at another term is compelling and The Greyhound Corporation therefore respectfully prays:

First, that this Court reach a decision on appellant's appeal, and

Second, that the findings and conclusions of the District Court be affirmed.

THE GREYHOUND CORPORATION

By /s/ Edward L. Foote
EDWARD L. FOOTE

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EXHIBIT A

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 69-438

[Filed]

UNITED STATES OF AMERICA, PLAINTIFF

v.

LING-TEMCO-VOUGHT, INC., JONES & LAUGHLIN STEEL CORPORATION, and JONES & LAUGHLIN INDUSTRIES, INC., DEFENDANTS

STIPULATION

It is stipulated by and between the undersigned parties by their respective attorneys, that:

1. The parties consent that a Final Judgment in the form hereto attached and filed herewith may be filed and entered by the Court at any time after the expiration of thirty (30) days following the date of filing of this Stipulation without any further notice to any party or other proceeding, either upon the motion of any party or upon the Court's own motion, provided that plaintiff has not withdrawn its consent as hereinafter provided;

2. The plaintiff may withdraw its consent hereto at any time within the said period of thirty (30) days by serving notice thereof upon the other parties hereto and filing said notice with the Court;

3. In the event plaintiff withdraws its consent hereto, neither this proceeding nor the making of this Stipulation nor the filing of the attached proposed Final Judgment shall in any manner prejudice any consenting party in any subsequent proceedings.

Dated: March 10, 1970

For the Plaintiff:

/s/ RICHARD W. MCLAREN
RICHARD W. MCLAREN
Assistant Attorney General

/s/ ROBERT B. HUMMEL
ROBERT B. HUMMEL

/s/ WM. D. KILGORE, JR.
WM. D. KILGORE, JR.

/s/ LEWIS BERNSTEIN
LEWIS BERNSTEIN

/s/ Richard L. Thornburgh
United States Attorney

/s/ PAUL A. OWENS
PAUL A. OWENS

/s/ HAROLD J. BRESSLER

/s/ RAYMOND M. CARLSON
RAYMOND M. CARLSON

/s/ RODNEY O. THORSON
RODNEY O. THORSON

/s/ JERRY Z. PRUZAN
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Attorneys Department of Justice

For Defendant Ling-Temco-Vought, Inc.:

ARNOLD & PORTER
By NORMAN DIAMOND

/s/ Harold R. Schmidt
Rose, Schmidt and Dixon

/s/ DAN BURNEY
Vice President and General Counsel

For Defendant Jones & Laughlin Industries, Inc.:

ARNOLD & PORTER
By NORMAN DIAMOND

/s/ Harold R. Schmidt
Rose, Schmidt and Dixon

/s/ DAN BURNEY
Vice President

For Defendant Jones & Laughlin Steel Corporation:

JONES, DAY, COCKLEY & REAVIS
By ALLEN C. HOLMES

/s/ Edmund K. Trent
Reed, Smith, Shaw & McClay

/s/ ROBERT B. PEABODY
Vice President and General Counsel

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 69-438

[Entered:]

UNITED STATES OF AMERICA, PLAINTIFF

v.

LING-TEMCO-VOUGHT, INC., JONES & LAUGHLIN STEEL CORPORATION, and JONES & LAUGHLIN INDUSTRIES, INC., DEFENDANTS

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on April 14, 1969, and the defendants having filed their answers thereto, and plaintiff and defendants, by their respective attorneys, having consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law herein and without this Final Judgment constituting any evidence or admission by any party hereto with respect to any such issue;

NOW, THEREFORE, before the taking of any testimony and without trial or adjudication of any issue of fact or law herein and without this Final Judgment constituting any evidence or admission by any party hereto with respect to any such issue, and upon consent of the parties aforementioned, it is hereby

ORDERED, ADJUDGED AND DECREED as follows:

I

This Court has jurisdiction over the subject matter hereof and of the parties consenting hereto. The complaint states claims upon which relief may be granted against defendants under Section 7 of the Act of Congress of October 15, 1914 (15 U.S.C. 18), commonly known as the Clayton Act, as amended.

II

As used in this Final Judgment:

(A) "Person" shall mean an individual, partnership, corporation or any other business or legal entity;

(B) "Subsidiary" shall mean a company which a person controls or has power to control, or in which fifty percent (50%) or more of the voting securities is owned or controlled by that person, directly or indirectly;

(C) "LTV" shall mean defendant Ling-Temco-Vought, Inc., and any of its subsidiaries other than J&L and its subsidiaries;

(D) "J&L" shall mean defendant Jones & Laughlin Steel Corporation, and any of its subsidiaries;

(E) "Braniff" shall mean Braniff Airways, Incorporated, and any of its subsidiaries;

(F) "Okonite" shall mean The Okonite Company, and any of its subsidiaries;

(G) "Voting securities" shall mean any common or preferred stock possessing voting rights at the time in question, but shall not include preferred stock entitled to voting rights only upon a future failure to pay dividends or upon any other contingency not then realized;

(H) "Capital expenditures" shall mean disbursements or obligations to make expenditures that add to a defendant's fixed assets, or affect the capacity, efficiency, life span, or economy of operation of a defendant's existing fixed assets.

III

The provisions of this Final Judgment applicable to any defendant shall apply also to each of its subsidiaries, successors and assigns, and their officers, directors, agents and employees, and to those persons in active concert or participation with such defendant who receive actual notice of this Final Judgment by personal service or otherwise. Any person not a party hereto who acquires any securities or assets by means of a divestiture pursuant to this Final Judgment shall not be considered to be a successor or an assign of a defendant.

IV

(A) LTV is ordered and directed to divest, by three (3) years from the date of entry of this Final Judgment, all of its interest, direct and indirect, in Braniff and Okonite, or, in the alternative, all of its interest, direct and indirect, in J&L.

(B) Subject to the limitations set forth in this Section IV, the divestiture directed above may be carried out by any method; provided, however, that if LTV receives in connection with any such divestiture any securities from a person to whom divestiture is made, such securities (other than securities issued by LTV) (1) shall not be voted, if of a voting class, and (2) shall be disposed of no later than two hundred twenty (220) days after receiving such securities, unless plaintiff consents to a longer period, and provided further that if the divestiture is carried out by way of disposition of assets, such divestiture shall be made in the form of one or more going and viable businesses, each such business to be capable of engaging in substantially the same operations as those previously conducted by such business.

(C) The complete details of any contemplated plan of divestiture intended to implement the provisions of subsection (A) of this Section IV (including the identity of any person, or persons, or class of persons to whom the divested property is to be transferred, and all outstanding contracts involving the properties to be divested to which Ling-Temco-Vought, Inc., or any of its remaining subsidiaries, is a party) shall be submitted to the plaintiff by LTV. Following the receipt of any such plan, plaintiff shall have thirty (30) days in which to object thereto by written notice to LTV. If plaintiff does not so object to the proposed plan, the plan may be consummated, but if objection is so made, the proposed divestiture shall not be consummated until LTV obtains judicial approval of the plan or until the plaintiff withdraws its objection; provided, however, (1) that in the case of a plan which provides for a pro rata distribution to security holders of LTV, or an exchange with

security holders of LTV or any of its subsidiaries, or a public offering not involving a prior understanding or commitment to sell a portion of the securities to any predetermined purchaser (other than an underwriter or selling dealer for the purpose of resale to the general public), prior approval of the plaintiff need not be obtained and the plan may be consummated upon the termination of the thirty (30) day period, so long as the plan prohibits any person known by LTV to own or control beneficially more than one percent (1%) of the voting securities (including securities convertible into voting securities) of LTV from receiving any of the equity interest being divested until he has disposed of his voting securities (including securities convertible into voting securities) of LTV, and (2) that in the case of a plan as to which the plaintiff objects, the time period set forth in subsection (A) of this Section IV within which divestiture must be accomplished shall, unless the Court orders otherwise upon application of the plaintiff, be tolled during the pendency of any proceeding under this Final Judgment relating to the approval of a proposed plan of divestiture.

(D) If the divestiture requirements of subsection (A) of this Section IV have not been met within the time specified therein, LTV shall divest all of its interest in J&L, and for that purpose shall place in the control of a trustee, promptly after his appointment by this Court, upon application of the plaintiff, at the cost and expense of LTV, all of the shares of J&L stock and other securities of J&L owned or controlled by LTV, vesting in the trustee full authority to vote any such security interest and to dispose of such security interest subject to Court supervision after hearing the parties hereto on any issue presented;

(E) Until the divestiture required by this Final Judgment is accomplished, neither LTV nor J&L shall take any action which knowingly impairs the viability of any of the businesses to be divested or LTV's ability to accomplish such divestiture, and, specifically, shall not cause or permit any of the following as to any company

remaining to be divested, except upon consent of the plaintiff:

(1) The payment of any dividends by Braniff Airways, Incorporated, The Okonite Company, or Jones & Laughlin Steel Corporation except out of current earnings, but this restriction shall not prohibit the payment of dividends which are not in excess of the per share rate of the last dividend declaration prior to February 1, 1970;

(2) Other than transactions in the normal course of business, transactions pursuant to which LTV, Braniff, Okonite, or J&L shall become indebted to one another or acquire any equity interest in or assets from one another; provided that this clause shall not apply to (a) the intercorporate payments and obligations arising out of, or in connection with, the filing of consolidated income tax returns or the customary allocation of general and administrative expenses as between corporations, or (b) LTV's receipt from Braniff of stock dividends on Braniff's Special Stock, Class A, or (c) the acquisition of any equity interest in or asset of Braniff, Okonite, or J&L in connection with a divestiture the terms and conditions of which have not been objected to by plaintiff;

(3) Any recapitalization of Braniff, Okonite, or J&L, which is part of a transaction involving (a) any two or more of them, (b) any other person bound by this Final Judgment, (c) any other subsidiary of any other person so bound, or (d) Jones & Laughlin Steel Corporation and any of its subsidiaries;

(4) The encumbrance of any assets of Braniff, Okonite, or J&L to secure the indebtedness of (a) any other of them, (b) any other person bound by this Final Judgment, (c) any other subsidiary of any other person so bound, (d) any person LTV or J&L is now or is hereafter in the process of acquiring;

(5) Any disposition of any of the assets of Braniff, Okonite, or J&L other than transactions in

the ordinary course of business and except as otherwise permitted by the provisions of this Final Judgment;

(6) Any acquisition, corporate reorganization, merger, consolidation or combination in any form by either Braniff or Okonite or J&L; provided, however, that this clause (6) shall not preclude (a) the filing of any consolidated income tax return, or (b) any acquisition by J&L as to which the plaintiff has failed to object in writing to LTV and J&L within thirty (30) days after receiving written notice of the material terms of the proposed acquisition;

(7) Any conversion by LTV of LTV-owned stock in Braniff or Okonite into stock having different rights.

Nothing in clauses (E)(1) through (E)(7) of this Section IV shall prevent any of the following:

(a) Any transaction the purpose of which is to transfer or otherwise make available to LTV any consideration received in connection with any disposition of assets made pursuant to the divestiture provisions of this Final Judgment;

(b) Any transaction between Ling-Temco-Vought, Inc., and any of its subsidiaries other than Braniff, Okonite, or J&L;

(c) Any transaction (other than a recapitalization or corporate reorganization) solely between Jones & Laughlin Steel Corporation and any of its wholly-owned subsidiaries;

(d) Any transaction solely between Braniff Airways, Incorporated, and any of its wholly-owned subsidiaries;

(e) Any transaction solely between The Okonite Company and any of its wholly-owned subsidiaries; or

(f) With respect to clauses (2), (3), (5), (6) and (7) of this paragraph (E), the consummation of the proposed transactions for LTV (i) to acquire full ownership of Okonite, and (ii) to reorganize Okonite into separate, viable businesses consisting, respectively, of the wire and cable operations, and the carpet operations.

V

(A) LTV is enjoined and restrained, and J&L is enjoined and restrained, if not divested, for ten (10) years from the date of entry of this Final Judgment (1) from acquiring one percent (1%) or more of the voting securities in any company the assets of which are recorded on the books of such company (net of related valuation reserves recorded on such books) in an amount in excess of One Hundred Million Dollars ($100,000,000), or from acquiring from any one person or group of persons under common control tangible or intangible assets or good will recorded on the books thereof (net of related valuation reserves recorded on such books) in an amount in excess of One Hundred Million Dollars ($100,000,000), without first obtaining the consent of the plaintiff, or approval of this Court upon LTV's or J&L's establishing, whichever is the acquiring company, by a preponderance of the evidence that the acquisition will not lessen competition or tend to create a monopoly in any line of commerce in any section of the country, and (2) from acquiring, except as contemplated by Section IV(B) of this Final Judgment or upon consent of the plaintiff, any substantial interest in any property to be divested pursuant to Section IV of this Final Judgment, or any interest in a person who acquires any property to be divested pursuant to Section IV of this Final Judgment so long as such person retains such property, and (3) from participating in any joint venture or business combination with any company divested pursuant to Section IV of this Final Judgment, unless plaintiff otherwise consents.

(B) The prohibition contained in subsection (A) of this Section V shall no longer be in effect (1) if and when LTV should divest itself of all of its interest in J&L, meaning J&L's business substantially as conducted on the date of entry of this Final Judgment, or (2) as to any subsidiary of LTV or J&L, if and when such subsidiary is disposed of to a person who is not a defendant or person who has submitted to the jurisdiction of this Court for the purpose of being bound by the provisions of this Final Judgment.

VI

(A) Simultaneously with the consummation of the divestiture of a company pursuant to Section IV of this Final Judgment, LTV shall take such steps as may be necessary to remove from the position as director or officer of such company any person holding any similar position with or having previously been associated with LTV prior to LTV's acquisition of such company, unless plaintiff otherwise consents. Except as provided in this Section VI, nothing in this Final Judgment shall prevent officers and directors of LTV, or officers and directors of companies which it controls, or other nominees of LTV from serving as officers and directors of any of the companies specified in subsection (A) of Section IV of this Final Judgment.

(B) Prior to the divestiture of a company pursuant to Section IV of this Final Judgment, LTV shall grant to the company to be divested an option to terminate any contract between LTV and such company at any time within one (1) year after divestiture, but this subsection (B) shall not relieve any divested company of its obligation to pay LTV any consideration which is due at the time of the termination of any such contract.

VII

Each defendant and each person who submits to the jurisdiction of this Court for the purpose of being bound by the provisions of this Final Judgment (each such person also being referred to in this Section VII as a "defendant") is enjoined and restrained from:

(A) Purchasing, or entering into or adhering to any contract, agreement or understanding to purchase, products, goods or services from any actual or potential supplier on the condition or understanding that purchases by such defendant from such supplier will be based on or conditioned upon such supplier's purchases from such defendant;

(B) Selling, or entering into or adhering to any contract, agreement or understanding to sell products, goods

or services to any actual or potential customer on the condition or understanding that such defendant's purchases of products, goods or services from such customer will be based on or conditioned upon such customer's or potential customer's purchases from such defendant;

(C) Communicating to such defendant's actual or potential suppliers or contractors that:

(1) In purchasing products, goods or services, defendant will give preference to any supplier or contractor based on or conditioned upon such supplier's or contractor's purchases from such defendant or the dollar value of contracts awarded by such supplier or contractor to such defendant;

(2) In compiling bidder lists or in awarding contracts for projects involving capital expenditures by such defendant, preference will be given to any contractor or supplier based on or conditioned upon such contractor's or supplier's purchases from such defendant or the dollar value of contracts awarded by such supplier or contractor to such defendant;

(3) Such defendant is entitled to receive contracts or orders for products or goods sold or services from such supplier or contractor based on or conditioned upon such defendant's purchases from such supplier or the dollar value of contracts awarded by defendant to such contractor;

(4) In awarding contracts for materials or services, such defendant has or will give preference to any contratcor or supplier based upon such supplier's purchases from such defendant or the dollar value of contracts awarded by such supplier or contractor to such defendant;

(D) Comparing or exchanging statistical data with any supplier or contractor to ascertain, facilitate or further any relationship between purchases by such defendant from such supplier or contractor and sales by such defendant to such supplier or contractor;

(E) Engaging in the practice of discussing with any supplier or contractor the relationship between purchases or contract awards by such defendant involving

such supplier or contractor, and sales by such defendant to such supplier or contractor;

(F) Preparing or maintaining statistical compilations for any supplier or contractor or any class or grouping of suppliers or contractors which compares purchases by such defendant from suppliers or the dollar value of contracts awarded by defendant to contractors with purchases by such suppliers from such defendant or the dollar value of contracts awarded to such defendant by such contractors;

(G) Issuing, to personnel having responsibilities for purchasing or responsibilities for awarding contracts, lists which identify customers and the magnitude of their purchases from such defendant or which identify companies and the dollar value of contracts they have awarded to such defendant or which specify or recommend that purchases be made from any such customers or that contracts be awarded to such companies;

(H) Referring compilations of bids received for contracts for projects involving capital expenditures by such defendant to any department or unit having sales responsibilities for decision or recommendation by such department or unit as to the identity of the firm or firms to whom contracts for such projects should be awarded.

VIII

Each defendant and each person who submits to the jurisdiction of this Court for the purpose of being bound by the provisions of this Final Judgment (each such person also being referred to in this Section VIII as a "defendant") is ordered and directed to:

(A) Refrain from continuing or establishing any office or position whose activities, programs or objectives are to promote trade relations involving reciprocal purchasing policies, arrangements, or practices;

(B) Withdraw from all personnel with sales responsibilities any lists or compilations which may be in existence described in subsections (F) and (H) of Section VII above, and withdraw from all personnel with pur-

chasing or contracting responsibilities any lists or compilations which may be in existence described in subsections (F) and (G) of Section VII above;

(C) Refrain from being a member of and prohibit its officers and employees from belonging to, or participating in the activities of, or contributing anything of value to any association whose activities, programs or objectives are in whole or in part to promote trade relations involving reciprocal purchasing policies, arrangements or practices;

(D) Issue within sixty (60) days to each of its officers and employees having sales, purchasing or contracting responsibilities a policy directive stating that:

(1) All officers and employees are prohibited from purchasing or entering into any contract, agreement or understanding to purchase products, goods or services from any actual or potential supplier on the condition or understanding that such purchases by such defendant from such supplier or potential supplier will be based on or conditioned upon such supplier's purchases fom such defendant;

(2) All officers and employees are prohibited from selling, entering into any contract, agreement or understanding to sell products, goods or services to any actual or potential customer on the condition or understanding that such defendant's purchases of products, goods or services from such actual or potential customer will be based on or conditioned upon such defendant's past or future sales to such customer;

(3) All officers and employees are prohibited from (i) soliciting bids from any contractor or supplier for any contract for a project involving capital expenditures by such defendant, and (ii) awarding contracts for such projects to any such contractor or supplier, on the condition or understanding that such solicitations or such awards by such defendant will be based on or conditioned upon such contractor's or supplier's purchases from such defendant or the dollar value of contracts awarded by such contractor or supplier to such defendant;

(4) Violation of the policy directive may subject any offending officer or employee to dismissal from his employment and to liability for violation of this Final Judgment;

(E) Furnish to each supplier from whom such defendant has purchased, and to each customer to whom such defendant has sold, more than $100,000 of products, goods and services (or $50,000 in the case of a defendant that maintained and has available such data on a company-wide cumulative basis) during 1967 or 1968 (or during the most recent year for which such data is available in the case of a person who becomes bound by the provisions hereof pursuant to subsection (A) (2) of Section X of this Final Judgment), a statement accurately and completely describing the provisions contained in Sections VII and VIII of this Final Judgment, or a copy thereof, and advise each such supplier and customer, by written notice satisfactory to the Antitrust Division of the United States Department of Justice, that:

(1) All officers and employees are prohibited from purchasing or entering into any contract, agreement or understanding to purchase products, goods or services from any actual or potential supplier on the condition or understanding that such purchases by such defendant from such supplier or potential supplier will be based on or conditioned upon such supplier's purchases from such defendant;

(2) All officers and employees are prohibited from selling, or entering into any contract, agreement or understanding to sell products, goods or services to any actual or potential customer on the condition or understanding that such defendant's purchases of products, goods or services from such actual or potential customer will be based on or conditioned upon such defendant's past or future sales to such customer;

(3) All officers and employees are prohibited from (i) soliciting bids from any contractor or sup-

plier for any contract for a project involving capital expenditures by such defendant, and (ii) awarding contracts for such projects to any such contractor or supplier, upon the condition or understanding that such solicitations or such awards by such defendant will be based on or conditioned upon such contractor's or supplier's purchases from such defendant or the dollar value of contracts awarded by such contractor or supplier to such defendant.

IX

Nothing in Sections VII or VIII of this Final Judgment:

(A) Shall prohibit any defendant or any person who submits to the jurisdiction of this Court for purposes of being bound by the provisions of this Final Judgment:

(1) From entering into arrangements for the conversion of its products or goods into other forms thereof for its own use or resale or from converting products or goods for others;

(2) From contracting for construction work or for the manufacture or installation of equipment and facilities for its own use and not for resale on the condition that its products, goods or services are to be used in the performance of such contracts; or

(3) From complying with any requirement or request of a state or federal agency concerning the preparation, maintenance, or distribution of any compilation or list.

(B) Shall apply to any transactions engaged in by a foreign subsidiary of a defendant or by a foreign subsidiary of any person who submits to the jurisdiction of this Court for purposes of being bound by the provisions of this Final Judgment, if any such foreign subsidiary is not controlled by such defendant or person.

X

(A) Each defendant is further ordered and directed (1) within sixty (60) days from the date of entry here-

of to cause each of its present domestic subsidiaries to file with this Court its submission to the jurisdiction of the Court and its consent to be bound by the provisions of this Final Judgment until the expiration of ten (10) years from the date of entry of this Final Judgment, and (2) within sixty (60) days from the date of acquiring or organizing any additional domestic subsidiary, to cause such domestic subsidiary to file its submission to the jurisdiction of the Court and its consent to be bound by the provisions of this Final Judgment until the expiration of ten (10) years from the date of entry of this Final Judgment.

(B) Compliance with subsection (A) of this Section X shall not be required with respect to any subsidiary the assets of which are recorded on its books (net of related valuation reserves recorded on such books) in an amount not in excess of Ten Million Dollars ($10,000,000), or by any presently-owned subsidiary which is a common carrier by rail subject to the jurisdiction of the Interstate Commerce Commission.

XI

The preliminary injunction entered herein on April 14, 1969, having provided that it should continue until "the final adjudication" of this action, and the Court having intended thereby to mean continuation only until the entry of a Final Judgment in this action, including a Final Judgment entered on consent, now therefore the said preliminary injunction is hereby dissolved, including the directive in paragraph 4 thereof requiring the placing of LTV-owned common stock of J&L in a voting trust.

XII

(A) For the purpose of securing compliance with this Final Judgment and for no other purpose, each defendant and each person who submits to the jurisdiction of this Court for the purpose of being bound by the provisions of this Final Judgment (each such person also being referred to in this Section XII as a "defendant") shall permit duly authorized representatives of the De-

partment of Justice, on written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to such defendant's principal office, subject to any legally recognized privilege:

(1) Access during the office hours of such defendant, who may have counsel present, to those books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of such defendant which relate to any matters contained in this Final Judgment;

(2) Subject to the reasonable convenience of such defendant and without restraint or interference from it, to interview officers or employees of such defendant, who may have counsel present, regarding such matters.

(B) Upon written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, such defendant shall submit such reports in writing, with respect to the matters contained in this Final Judgment, as may from time to time be requested.

(C) No information obtained by the means provided in this Section XII of this Final Judgment shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Executive Branch of the plaintiff except in the course of legal proceedings to which the United States is a party for the purpose of securing compliance with this Final Judgment or as otherwise required by law.

XIII

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment, and any person who submits to the jurisdiction of this Court for the purpose of being bound by the provisions of this Final Judgment, to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction, modifica-

tion, or termination of any of the applicable provisions thereof, for the enforcement of compliance therewith, and for the punishment of violations thereof.

XIV

This Final Judgment shall remain in full force and effect for ten (10) years, and no longer, from the date of entry hereof except as to any provision herein for which a shorter term is specified therein.

_____

United States District Judge

Dated: _____, 1970

EXHIBIT B

PROSPECTUS

$50,000,000

JONES & LAUGHLIN STEEL CORPORATION

First Mortgage Bonds—Series F, 9⅞%, Due 1995

Dated April 1, 1970 ———— *Due April 1, 1995*

Annual sinking fund payments of $2,500,000 commencing in 1976 will retire 95% of the Bonds prior to maturity. The Corporation may increase the sinking fund payment in any year by an amount not exceeding the required sinking fund payment for that year. The Bonds are redeemable at prices set forth herein at the option of the Corporation, except that prior to April 1, 1980, no redemption may be made from or in anticipation of money borrowed at an interest cost to the Corporation of less than 10% per annum.

The Corporation intends to make application for the listing of the Bonds on the New York Stock Exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public[1]	Underwriting Discounts and Commissions	Proceeds to Corporation[1] [2]
Per Bond	98.75%	1.50%	97.25%
Total	$49,375,000	$750,000	$48,625,000

[1] Plus accrued interest from April 1, 1970.

[2] Before deduction of expenses payable by the Corporation estimated at $150,000.

The Bonds are offered by the several Underwriters for delivery in temporary form at the office of First National City Bank, 111 Wall Street, New York, New York on or about April 23, 1970. Such Bonds are offered when, as and if issued by the Corporation and accepted by the Underwriters and subject to their right to reject orders in whole or in part. Bonds in definitive form which may be exchanged for Bonds in temporary form will be made available by the Corporation as soon as practicable. In addition, the Bonds are being offered to certain institutions by the Corporation through the several Underwriters for delivery on October 15, 1970 pursuant to Delayed Delivery Contracts with the Corporation. The aggregate principal amount of Bonds which may be sold pursuant to Delayed Delivery Contracts may not exceed $5,000,000. See "Delayed Delivery Arrangements" herein. The Bonds will be issued in fully registered form only.

THE FIRST BOSTON CORPORATION

LEHMAN BROTHERS

GOLDMAN, SACHS & CO.

The date of this Prospectus is April 9, 1970.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS HEREBY OFFERED AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Corporation is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission. Information as of particular dates concerning directors and officers, their remuneration, options granted to them, the principal holders of securities of the Corporation and any material interest of such persons in transactions with the Corporation is disclosed in proxy statements distributed to shareholders of the Corporation and filed with the Commission. Such reports, proxy statements and other information can be inspected at the principal office of the Commission, 500 North Capitol Street, N.W., Washington, D.C. 20549, and copies of such material can be obtained from the Commission at prescribed rates. Reports, proxy material and other information concerning the Corporation can also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, N.Y. 10005.

THE CORPORATION

Jones & Laughlin Steel Corporation is a fully integrated steel company producing a diversified line of carbon, stainless and alloy steel products. The Corporation produced 7,764,000 net tons of raw steel during 1969 and was the sixth largest steel producer in the United States for the year. Steelmaking plants are lo-

cated at Pittsburgh and Aliquippa, Pennsylvania; Cleveland, Ohio; and Warren (Detroit), Michigan; and a major new steel finishing plant, completed in late 1967 and early 1968, is located at Hennepin, Illinois, near Chicago.

The Corporation's diversified line of carbon steel products, produced and finished primarily at the Pittsburgh, Aliquippa, Cleveland and Hennepin Works, includes hot and cold rolled sheets and strip, galvanized sheets, tubular products, hot rolled and cold finished bars, tin mill products, light plates and light structural shapes and wire products. In addition, primarily through the plants of its Stainless and Strip Division with general headquarters at Warren (Detroit), Michigan, the Corporation manufactures stainless and alloy steel products and "restricted specification" cold rolled strip in carbon, alloy and stainless grades. At other facilities the Corporation manufactures electricweld tubing, wire rope, steel drums and pails, rigid steel conduit, electrical metallic tubing and electrical underfloor distribution systems, produces and sells coal chemicals and participates in a joint venture which will result in the production of modular home units on a limited scale during 1970.

The Corporation maintains sales offices in the major cities of the United States. It also operates 10 steel service centers; operates or utilizes 60 stores and several warehouses and yards in 18 states which sell a broad line of oil and gas well supplies and equipment; and operates wire rope warehouses.

The Corporation was incorporated in Pennsylvania on December 19, 1922 as the successor to a business originally established in 1853. Its principal executive offices are located at 3 Gateway Center, Pittsburgh, Pennsylvania.

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JONES & LAUGHLIN STEEL CORPORATION
CONSOLIDATED STATEMENT OF INCOME

The following statement has been examined by Price Waterhouse & Co., independent accountants, whose opinion thereon appears elsewhere in this Prospectus. The statement should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Prospectus.

	Year ended December 31,				
	1965	1966	1967	1968[1]	1969
			(000 omitted)		
REVENUES:					
Net sales and other operating revenues	$992,731	$1,010,020	$903,650	$1,016,011	$1,056,064
Interest and other income	6,828	9,085	8,367	5,337	6,649
	999,559	1,019,105	912,017	1,021,348	1,062,713
COSTS AND EXPENSES:					
Cost of sales and operating expenses	776,908	773,141	739,553	847,336	890,771
Depreciation and depletion	72,611	63,934	66,532	57,588	59,172
Selling, administrative and general expenses	44,997	48,070	47,180	49,787	53,680
Interest and expense on long-term debt	5,942	9,855	10,751	12,510	14,871
Other interest	—	—	—	2,036	1,084
Taxes other than income and payroll taxes	15,294	16,941	19,106	20,578	21,969
	915,752	911,941	883,122	989,835	1,041,547
INCOME BEFORE TAXES ON INCOME	83,807	107,164	28,895	31,513	21,166
PROVISION FOR INCOME TAXES:					
State	2,223	3,032	500	715	1,312
Federal:					
Currently payable (refundable)	40,553	50,576	(1,974)	7,625	(4,428)
Investment tax credits[2]	(3,360)	(4,543)	(13,552)	(7,186)	(4,873)
Tax effect of timing differences	(8,879)	(6,982)	8,112	2,710	7,057
	30,537	42,083	(6,914)	3,864	(932)
NET INCOME	$ 53,270	$ 65,081	$ 35,809	$ 27,649	$ 22,098
NET INCOME APPLICABLE TO COMMON STOCK	$ 51,802	$ 63,613	$ 34,341	$ 26,181	$ 21,272
EARNINGS PER COMMON SHARE (Weighted Average)[3]	$ 3.28	$ 4.02	$ 2.17	$ 1.65[1]	$ 1.34
CASH DIVIDENDS PER SHARE:					
5% Preferred Stock	$ 5.00	$ 5.00	$ 5.00	$ 5.00	$ 5.00
Common Stock[3]	$ 1.275	$ 1.35	$ 1.35	$ 1.35	$ 1.35
RATIO OF EARNINGS TO FIXED CHARGES[4]	11.62	9.99	3.36	2.80	2.13

NOTES:

[1] See Note D to the consolidated financial statements for information regarding change in depreciation method beginning January 1, 1968. The results of operations for the year ended December 31, 1968 reflect such change with a resulting decrease in depreciation expense of $23,037,000 and increase in net income of $10,471,000 ($.66 per share).

[2] Except as to construction under certain contracts entered into prior to April 19, 1969, reductions in Federal income taxes payable resulting from investment tax credits will not be available in the future as a result of repeal of the investment tax credit. Investment tax credits increased net income per share of common stock for each of the last five calendar years as follows: 1965—$2.1; 1966—$2.9; 1967—$.86; 1968—$.45; and 1969—$.31.

[3] As adjusted for a 100% stock distribution paid in March 1969.

[4] Earnings consist of consolidated net income plus income taxes and fixed charges. Fixed charges include interest expense, amortization of debt discount and expense and one-third of rental expense.

On a pro forma basis, the ratio of earnings to fixed charges for the year ended December 31, 1969, would be 2.08 after reflecting annual interest at 9-7/8% on the Bonds offered hereby and reduction of interest at 8% on the bank borrowings to be repaid.

* * * *

August 1, 1968 with relatively no change in productivity have not fully offset increased employment costs and continuing increases in freight rates, the cost of borrowed money and the price level of purchased goods, services and raw materials.

The results for the first two months of 1970 were affected by a reduction of incoming orders, a continuation of the operating problems related to the blast furnace at the Cleveland Works and of the break-in and training costs related to the continuous billet casting machine at the Aliquippa Works, the continuing effect of the cost increases referred to in the preceding sentence and the inability of the Corporation at this time to utilize investment tax credits because of the loss from operations for the period. It is not possible to determine with any accuracy when the operating problems related to the blast furnace will be resolved but the problems should be of a temporary nature.

New Federal legislation concerning the health and safety of coal mine employees was enacted in 1969. The Corporation has also become subject, as have other steel producers, to more stringent air and water quality control legislation and regulations in several jurisdictions. The extent to which the above legislation and regulations might affect the Corporation's coal mining and steel producing operations, and consequently the earnings of the Corporation is not determinable at this time; however, the Corporation expects that its expenditures for mine safety and air and water quality control will increase. It is anticipated that approximately $6,000,000 will be spent for air and water quality control projects in 1970 compared with $5,000,000 in 1969.

During November 1969, a major competitor of the Corporation announced that commencing January 1, 1970 it would offer its customers an optional method of pricing sheet products known as "theoretical weight" pricing. Under this method, the customer is guaranteed at least minimum product dimensions and billing is based upon the weight calculated using the minimum dimen-

sions specified with no charge being made for excess weight due to any actual overages in dimensions. To meet this competition, the Corporation and other major steel producers are now offering the optional method of pricing on most types of hot rolled, cold rolled and galvanized sheets. It is expected that a substantial part of the cost to the Corporation resulting from the delivery of excess weight will be offset by an extra charge which became effective February 1, 1970 for use of the optional pricing method and by increased base prices on sheet products effective February 1, 1970.

The Corporation has announced a policy, similar to policies announced by its major competitors, that if its mill prices on carbon or alloy rolled steel products are increased, they will not be raised again for at least one year. The Corporation's policy went into effect after the increase in the base prices of sheet products referred to above and currently applies only to plates and structurals as to which increased prices have recently been announced.

The Corporation and its competitors are presently experiencing a refusal by certain truck driver-owners (referred to in some news reports as the Fraternal Association of Steel Haulers) to transport steel. It is not possible at this time to determine what effect, if any, this development may have upon the Corporation.

DESCRIPTION OF BUSINESS

Raw Steel Production

The following table lists the raw steel production of the Corporation and the steel industry during the five years 1965 through 1969 and such production as contrasted with average yearly production in net tons in the base period 1957-1959.

	Corporation (Net Tons)	Industry* (Net Tons)	Corporation 1957-1959=100	Industry* 1957-1959=100
1965	7,280,000	131,462,000	137.4	135.3
1966	7,726,000	134,101,000	145.9	138.1
1967	6,892,000	127,213,000	130.1	131.0
1968	7,688,000	131,462,000	144.7	135.0
1969	7,764,000	141,069,000	146.6	145.2

* The figures relating to the steel industry are as reported by the American Iron and Steel Institute. The 1969 Industry figures are preliminary.

During 1968 and 1969, approximately 51% and 58%, respectively, of the Corporation's raw steel was produced by the basic oxygen process. The industry figures were 37% and 43%, respectively, during 1968 and 1969.

Shipments and Distribution

During the five years 1965 through 1969, the tonnages of steel products shipped by the Corporation, including a minor amount of products produced by others, were: 1965, 5,304,000 net tons; 1966, 5,341,000 net tons; 1967, 4,689,000 net tons; 1968, 5,381,000 net tons; and 1969, 5,366,000 net tons.

The Corporation's product pattern during the five years 1965 through 1969 is reflected in the following table which shows the percentages by tonnage of shipments of mill products:

	1965	1966	1967	1968	1969
Hot rolled, cold rolled and coated sheets and strip	47%	46%	44%	47%	50%
Tubular products	13	13	14	13	12
Hot rolled and cold finished bars	13	14	13	12	12
Tin mill products	9	8	11	10	8
Light plates and structural shapes	10	10	9	8	8
Wire products	3	3	3	3	3
Miscellaneous	5	6	6	7	7
Total	100%	100%	100%	100%	100%

The percentage tonnage distribution of the Corporation's shipments of these mill products among various industries and outlets during the five years 1965 through 1969 is set forth below:

	1965	1966	1967	1968	1969
Automotive	30%	28%	27%	29%	28%
Jobbers and dealers	18	17	17	17	19
Containers	10	9	12	11	10
Machinery and equipment	8	9	9	9	9
Construction	8	8	7	7	8
Household appliances and office equipment	6	7	7	6	6
Oil and gas	5	5	5	5	4
All other domestic consumers	14	16	15	14	14
Export	1	1	1	2	2
Total	100%	100%	100%	100%	100%

Shipments of mill products from the Pittsburgh, Aliquippa and Cleveland Works, from the Hennepin Works and other steel finishing facilities and from the plants of the Stainless and Strip Division to other plants of the Corporation for further processing and to the steel service centers, stores, warehouses and yards operated or utilized by the Corporation are included in the tables.

On an average, during the five years 1965 through 1969 shipments to the Corporation's largest customer, General Motors Corporation, were approximately 11% of the Corporation's gross sales in dollars.

Competition

Competition among domestic producers and from imported steel, as well as competition from manufacturers of competitive products other than steel, has been intense. During 1968 and 1969, foreign steel imports totaled 17,960,000 and 13,700,000 net tons, respectively, or approximately 17% and 13% of apparent domestic consumption, respectively. The decrease in total import tonnage during 1969 resulted principally from the increased demand for steel products abroad and, in part,

from the voluntary export arrangements which were undertaken in 1968 by certain Japanese and European steel producers following conversations with the United States Department of State. There has, however, been no decline in specialty steel imports and imports continue to be high in certain higher priced product categories.

Property Additions

The Corporation's property additions (excluding investments in unconsolidated raw materials companies) during the five years 1965 through 1969, are set forth below.

	In Thousands of Dollars		
	Additions	Retirements and Adjustments*	Net Additions
1965	$ 85,417	$41,996	$ 43,421
1966	126,519	13,918	112,601
1967	184,601	10,577	174,024
1968	82,859	24,658	58,201
1969	83,630	19,270	64,360

* Includes amortization of blast furnace linings and cost depletion and patent amortization.

The provisions for depreciation and depletion and the investment tax credits for the five-year period amounted to $319,837,000 and $33,514,000, respectively.

Raw Materials

Iron Ore—The Corporation estimates that as of January 1, 1970 the total of the proven and probable reserves of merchantable ore of the Corporation and two wholly owned subsidiaries and the Corporation's share of reserves of merchantable ore of three other companies in which it has stock interests ranging from 25% to 32% was such that, when mined and beneficiated, there will be produced approximately 574,000,000 net tons of merchantable ore averaging approximately 64% iron con-

tent. Approximately 13% of the reserves are held in fee and 87% under long-term mining leases. The reserves are distributed as follows:

Location	Proven and Probable (Net Tons)
Lake Superior District	422,000,000
New York	71,000,000
Canada (principally Ontario)	81,000,000
Total	574,000,000

Approximately 422,000,000 net tons of the above reserves are undeveloped. Essentially all the undeveloped reserves are in the Lake Superior District and Canada, are taconite requiring beneficiation and pelletizing and will require expenditure of substantial sums for development. It is expected that by mid-1973, it will be necessary for the Corporation to replace certain of its present sources of merchantable ore by purchases on the open market or by the development of its Biwabik reserves in Minnesota. The most recent estimate with respect to the development of these reserves would require the expenditure of approximately $145 million by 1977. The Corporation is presently exploring means of financing the development of the reserves with the object of minimizing the cash investment of the Corporation.

During 1969, the Corporation and a subsidiary produced 6,385,000 net tons of merchantable ore for the Corporation's own use and the Corporation's share of merchantable ore produced by the other companies in which it has a stock interest was 1,496,000 net tons. This production amounted to approximately 95% of requirements. The Corporation purchased 438,000 net tons of merchantable ore from outside sources. During 1969, the Corporation consumed 7,732,000 net tons of merchantable ore. The blast furnace burden during the year consisted of approximately 28% pellets, 48% sinter and 24% coarse natural ores.

Amendments to the provincial mining law of Ontario effective January 1, 1970 provide for the refining in

Canada of all ores mined in Ontario unless an exemption has been granted. A 5-year exemption beginning January 1, 1970 has been secured for the operations in Ontario and provides that annual shipments of iron ore concentrates to points outside Canada may not exceed the tonnage shipped in 1968 without additional approval. Failure to obtain future exemptions could result in Ontario leases being declared void by the Lieutenant Governor in Council, in which event additional iron ore would have to be purchased.

Coal—The Corporation estimates that as of January 1, 1970 its reserves of metallurgical coal used to make coke (including new reserves for which the Corporation has agreed to enter into a lease) and its share of reserves of metallurgical coal of two companies in which it has stock interests of 64½% and 25% amounted to approximately 177,000,000 net tons, consisting of 139,000,000 net tons of high volatile coal at properties owned or leased along the Monongahela River near Pittsburgh and 38,000,000 net tons of low volatile coal at leased properties in West Virginia and Virginia.

During 1969, the Corporation produced 2,389,000 net tons of high volatile metallurgical coal for its own use and the Corporation's share of high volatile and low volatile metallurgical coal produced by the companies in which it has a stock interest was 1,247,000 and 52,000 net tons, respectively. This production amounted to approximately 88% and 5% of high volatile and low volatile metallurgical coal requirements, respectively, for the Pittsburgh and Aliquippa coke plants. Coke for the Cleveland Works is supplied from these coke plants, supplemented by purchased coke. Metallurgical coal, principally low volatile, purchased from outside sources amounted to 1,470,000 net tons. During 1969, the Corporation consumed 5,151,000 net tons of metallurgical coal.

Other Raw Materials—During 1969, the Corporation and a company in which it has a 7½% stock interest produced approximately 73% of the limestone and dolomite requirements for the Pittsburgh, Aliquippa and Cleveland Works from leased quarries in West Virginia

and Michigan. Other raw materials such as nickel, tin, zinc, ferromanganese and chrome are purchased in the open market from domestic and foreign sources. These are, and are expected to continue to be, in adequate supply except for nickel and nickel-bearing scrap which are in short supply. The shortage of nickel has resulted in curtailment in the production of nickel-bearing stainless steel products.

Employee Relations

During 1969, the Corporation and its subsidiaries had an average of approximately 41,400 employees. Substantially all hourly paid employees are represented by unions. The United Steelworkers of America represents approximately 30,000 employees and the United Mine Workers approximately 1,100 employees. The terms and provisions of the existing labor agreements between the Corporation and the United Steelworkers are substantially the same as those of the major competitors of the Corporation with that Union and form the basis for the agreements with most of the unions representing other organized employees of the Corporation except employees represented by the United Mine Workers.

The Corporation entered into new three-year labor agreements with the United Steelworkers of America effective August 1, 1968 and the United Mine Workers effective October 1, 1968. The agreements provide for increased insurance, pension and other employee benefits in addition to wage increases during the three-year period. Comparable benefits and wage increases have been provided to salaried employees to date. The increase in employment costs over the period covered by the agreements will approximate an average of 6% per year. As a result of a recent decision requiring increased incentive compensation coverage (10¢ an hour retroactive to August 1, 1968) which was rendered by a panel of arbitrators, convened in accordance with an understanding reached during the negotiation of the present three-year labor agreement by the United Steelworkers of America and eleven major steel corporations, the cost of the Cor-

poration's incentive compensation program will further increase employment costs.

Approximately 700 open hearth employees at the Pittsburgh Works engaged in an unauthorized work stoppage for approximately ten days in late June and early July 1969.

Operations at the Pittsburgh Works were adversely affected by a four-day strike of approximately 425 employees of The Monongahela Connecting Railroad Company in November 1969. Since most of the United Steelworkers at the Pittsburgh Works refused to cross the railroad workers' picket lines, the Corporation banked its blast furnaces and ceased steel production. A strike of approximately 240 employees of the Aliquippa and Southern Railroad Company during the same period resulted in some curtailment of steel production at the Aliquippa Works. The railroad companies are wholly owned subsidiaries of the Corporation which serve the Pittsburgh and Aliquippa Works.

Patent Litigation

In May 1961, Henry J. Kaiser Company (now Kaiser Industries Corporation) brought an action against the Corporation for royalties under an agreement which obligated the Corporation to pay a fixed royalty in installments if it used a patent controlled by the plaintiff in the operation of the Corporation's original basic oxygen furnace shop at its Aliquippa Works. The Corporation has denied the use of the patent and has asserted other defenses. In September 1961, Henry J. Kaiser Company and its European principals brought an action against the Corporation asserting that the plaintiffs' patent on the basic oxygen steel process is being infringed by the Corporation at its Cleveland Works. The Corporation believes that the patent is invalid, is not infringed and that agreements concerning the patent, and other patents, to which Kaiser or its European principals are parties constitute an illegal restraint of trade under the laws of the United States and render the patent unenforceable. The cases were consolidated for trial in the

United States District Court for the Western District of Pennsylvania in Pittsburgh. The taking of testimony was completed in March 1968 and briefs filed; however, additional testimony is being taken pursuant to a motion granted in September 1969. Patent counsel for the Corporation is of the opinion that the Corporation should prevail in the litigation; however, should plaintiffs prevail, patent counsel is of the opinion that plaintiffs' remedy would be limited to royalties and interest in an amount which would not materially affect the business of the Corporation. The United States District Court in Detroit held the same patent invalid in July, 1966, in an action involving the same plaintiffs and McLouth Steel Corporation. That decision was affirmed by the United States Court of Appeals for the Sixth Circuit in August, 1968. A petition for certiorari filed by plaintiffs was denied by the Supreme Court of the United States in that action on March 3, 1969. If the plaintiffs' patent is held valid, they may assert an infringement claim with respect to the new three-furnace basic oxygen furnace shop at the Aliquippa Works. The plaintiffs' patent will expire on July 23, 1974.

ANTITRUST LITIGATION AND VOTING TRUST

Of the issued and outstanding shares of Common Stock of the Corporation, 12,942,275 shares, or 81.4%, are owned beneficially by Jones & Laughlin Industries, Inc. ("JLI"), a wholly owned subsidiary of Ling-Temco-Vought, Inc. ("LTV").

On April 14, 1969, the United States of America filed a civil action in the United States District Court for the Western District of Pennsylvania in Pittsburgh at Civil Action No. 69-438 naming LTV, JLI and the Corporation as defendants and alleging that the acquisition by LTV and JLI of Common Stock of the Corporation violated Section 7 of the Clayton Act. LTV and JLI have filed answers with the Court which in all material respects deny the allegations made.

A consent preliminary injunction was entered in the civil action on April 14, 1969 which provides that pend-

ing final adjudication, the business and financial operations of the Corporation must be maintained separate and independent from LTV, JLI and other subsidiaries of LTV and that LTV and JLI will take no action which will impair their ability to comply with any court order requiring divestiture. Under the consent preliminary injunction, pending final adjudication of the civil action, no officer, employee, director or designee of LTV may serve as an officer or director of the Corporation except that not more than three persons nominated by the Board of Directors of the Corporation may serve as directors but not employees of LTV.

The 12,942,275 shares of Common Stock of the Corporation owned by JLI have been deposited in a voting trust which will terminate on the later of February 1, 1971 or the final adjudication of the civil action, unless sooner terminated by the voting trustees. Until termination, the voting trustees will have the right, by action of a simple majority, to vote the shares held in the voting trust except that written approval of JLI is required with respect to any matter relating to a reduction of the stock interest of JLI in the Corporation to less than a majority interest. The voting trustees must be appointed by the Board of Directors of the Corporation and no officer, employee or director of LTV or JLI (other than a person who is also an officer or director of the Corporation) is eligible to serve as a voting trustee. The voting trustees appointed by the Board of Directors of the Corporation are William J. Stephens, Charles M. Beeghly and H. S. Harrison.

Proposed Settlement of Civil Action

On March 10, 1970, the parties to the civil action filed a stipulation with the Court by the terms of which a Final Judgment, consented to by all parties without trial or adjudication of any issue and without the Final Judgment constituting any evidence or admission by any party, may be entered by the Court at any time after the expiration of 30 days, i.e., on or after April 10, 1970. The stipulation reserves to the plaintiff the right to withdraw its consent to the entry of the Final Judgment

within the 30-day period. Under the proposed Final Judgment, LTV is required to divest all its interest, direct and indirect, in either (a) the Corporation or (b) Braniff Airways, Inc. and The Okonite Company, within three years of entry of the Final Judgment. The three-year period may be extended under certain circumstances; however, if the divestiture requirements have not been met within the time specified, LTV will be required to divest all its interest in the Corporation. LTV has stated that it intends to divest all its interest in Braniff and Okonite.

The proposed Final Judgment contains restrictions upon the defendants, including the Corporation. During the divestiture period, the viability of the businesses which may be divested may not be impaired and, unless the plaintiff consents (or fails to object upon 30 days' written notice in the case of acquisitions), the Corporation may not reorganize, recapitalize, dispose of assets other than in the ordinary course of business, make acquisitions or pay dividends in excess of the current rate except out of current earnings. During a 10-year period, the Corporation is under prohibitions substantially comparable to those consented to by United States Steel Corporation in August 1969 against engaging in reciprocal trading practices. If the Corporation is not divested, the Corporation is also prohibited during the 10-year period, without the consent of the plaintiff or approval of the Court, from acquiring 1% or more of the voting securities of any company with assets, net of related valuation reserves, in excess of $100,000,000 or from acquiring from any one person or group of persons under common control tangible or intangible assets or good will, net of related valuation reserves, in excess of that amount.

If the proposed Final Judgment is entered, the consent preliminary injunction entered on April 14, 1969 will be dissolved. At that time, officers and directors of LTV, JLI and other subsidiaries of LTV will no longer be prohibited from serving as officers or directors of the Corporation or as voting trustees of the voting trust. An agreement has been entered into by the parties to

the present voting trust which provides that as soon as practicable after the proposed Final Judgment has become final, the present voting trust will be terminated and the 12,942,275 shares of Common Stock of the Corporation owned beneficially by JLI will be deposited in a new voting trust of which James J. Ling and Clyde Skeen will become voting trustees in addition to Messrs. Stephens, Beeghly and Harrison. Mr. Ling is Chairman of the Board and Chief Executive Officer of LTV and JLI and Mr. Skeen is President of LTV and JLI. The new voting trust will result in the same persons being voting trustees as were voting trustees prior to the commencement of the civil action, will terminate on February 1, 1971, unless sooner terminated by the voting trustees, and will be substantially identical to the present

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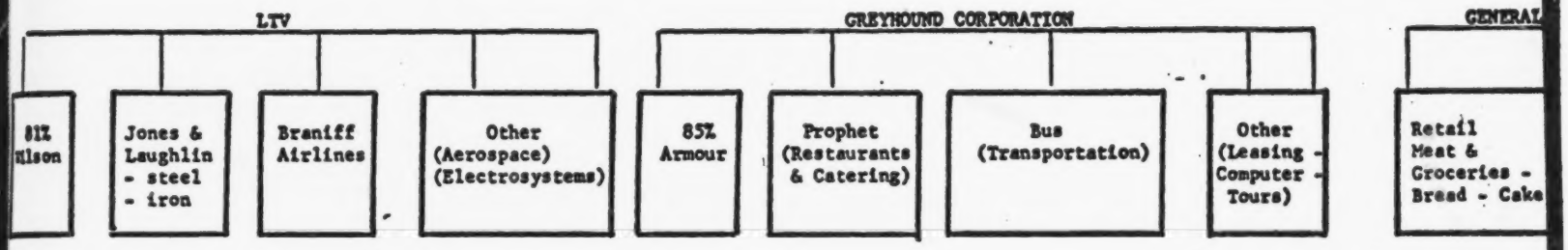

Total Sales	$3,750,000,000	Total Sales	$2,823,000,000	Total Sales	
Packer (Wilson)	1,286,000,000	Packer (Armour)	2,153,000,000	Packer (Armou	
Other Businesses	2,464,000,000	Other Businesses	670,000,000	Other Compani	
Decree Products (iron and steel)	1,056,000,000	Decree Products (Restaurants)	124,000,000	Decree Produc (Food Stores Bread - Baki	
% of Decree Products to All Other Businesses Excluding Wilson	43%	% of Decree Products to All Other Businesses Excluding Armour	18%	% of Decree P To All Othe Businesses Excluding A	

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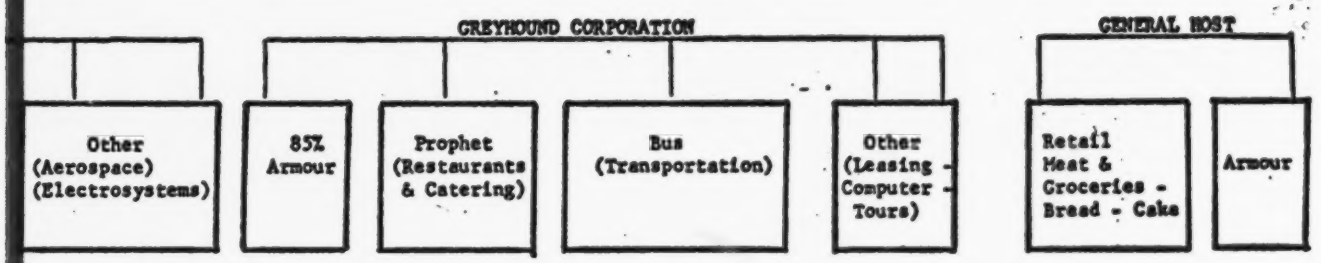

00,000	Total Sales	$2,823,000,000	Total Sales $2,353,000,000
00,000	Packer (Armour)	2,153,000,000	Packer (Armour) 2,153,000,000
00,000	Other Businesses	670,000,000	Other Companies 200,000,000
00,000	Decree Products (Restaurants)	124,000,000	Decree Products (Food Stores & Bread - Baking) 200,000,000
	% of Decree Products to All Other Businesses Excluding Armour	18%	% of Decree Products To All Other Businesses Excluding Armour 100%

EXHIBIT C

[Caption Omitted in Printing]

FURTHER MEMORANDUM FOR THE UNITED STATES

In its response to our Memorandum and Application of May 20, 1970, The Greyhound Corporation (1) agrees that this Court should proceed to decide the case as submitted to it, necessarily acknowledging that the case is not moot and that there is a continuing controversy; (2) argues the merits of the government's case against Greyhound; and (3) disputes the appropriateness of the relief pendente lite that we have requested against Greyhound's increasing and utilizing its newly acquired control of Armour & Company. The circumstances justify a brief further statement by the government.

1. *The facts concerning Greyhound's food interests and their consistency with the meat packers decree are matters for the district court to consider on remand.*

Greyhound apparently disputes our assertion that it is engaged in food businesses that would be prohibited to Armour, thereby seeking to distinguish its situation from that of General Host. Such questions of fact and decree interpretation are precisely what we contemplate the district court would consider on remand if the government prevails in this Court; they obviously should not be resolved here. For present purposes, it is pertinent only that the government has a substantial case that Greyhound's ownership of Armour is inconsistent with the decree, a case that the government would pursue in the district court unless there is an adverse decision in the pending appeal. Greyhound concedes that it buys and sells a wide variety of foods in its multimillion-dollar catering services and restaurants, and the decree covers, *inter alia*, the "selling, transporting * * * distributing, or otherwise dealing in [such foods] * * *, except when such products or commodities are purchased, transported, or used * * * in the operation of [the packers'] restaurants, laundries or other conveniences, primarily for the benefit of their employees * * *" (A. 31)

Without arguing the point fully here, we submit that Greyhound's catering and restaurant operations would plainly be prohibited to Armour under the decree.[1]

2. *Interim relief against Greyhound is appropriate and necessary.*

Greyhound's claim of unfairness in the interim relief we seek against it—a simple preservation of the status quo until the legality of its ownership of Armour is determined—is without substance. As we recite in our Memorandum and Application, Greyhound was formally and publicly notified as early as November 24, 1969, that the United States regarded its potential ownership of Armour as inconsistent with the meat packers decree, and that position as been unequivocally repeated on a number of occasions. As soon as the United States became aware that Greyhound was seeking Interstate Commerce Commission approval for consummation of its contract with General Host, it informed the Commission and Greyhound that it would challenge the transaction under the meat packers decree if it were to occur, and accordingly requested the Commission to stay its hand. And when the Commission nonetheless approved the transaction, we promptly advised General Host and Greyhound of our intention to ask this Court to prohibit consummation until its legality could be determined. The government has thus proceeded in an orderly manner, and it was only the precipitous action of Greyhound and General Host—only hours after the Commission acted—that disrupted this orderly procedure. Greyhound can

[1] Greyhound's elaborate discussion of a proposed settlement (still under consideration in a separate case in another district court), suggesting as one permissible alternative LTV's rentention of ownership of a steel company and another packer (acquired in 1967), is irrelevant. A proposal of settlement surely does not make law, especially in light of the serious anticompetitive factors involved in the underlying case; moreover, the prohibition under the meat packers decree to which Greyhound points comes under the heading of "miscellaneous articles" (A. 33) and does not involve the food prohibitions that are central to the decree. The consistency of the proposed settlement with the meat packers decree has not been expressly in issue in that case.

hardly claim that it has been misled or lulled by anything the government has done or failed to do.[2]

The necessity and urgency of interim relief have been emphasized by matters that have come to our attention since our Memorandum and Application was filed. It has been reported in the press that Greyhound's chief executive officer has announced to its shareholders that "Greyhound foresees no antitrust difficulties and is proceeding to reorganize Armour by discontinuing 'unproductive (Armour) operations' and 'consolidating' many of its activities to cut costs." Wall Street Journal, May 20, 1970, p. 15, col. 1. He further told a press conference that "Greyhound intends to continue operating Armour without regard to any antitrust threats, unless ordered to do otherwise by a court * * *." Wall Street Journal, May 22, 1970, p. 9, col. 2. We ask only that Greyhound be enjoined from making any such changes in Armour, or from increasing or otherwise utilizing its control, until the legality of such control can be considered in an orderly manner.

Accordingly, we believe that Greyhound's submission and its other public statements underline the appropriateness of the relief that we have requested in our Memorandum and Application of May 20, 1970. The Court should decide the appeal before it, remanding the case to the district court for consideration of the legality of Greyhound's control in light of the decision here, and should preserve the status quo in the interim.

Respectfully submitted.

ERWIN N. GRISWOLD
Solicitor General

MAY 25, 1970.

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[2] We thus cannot credit Greyhound's assertions that on May 14, 1970 (when the hasty consummation took place) it was "inconceivable" to it that the government would object to its ownership of Armour (Greyhound's Answer, p. 10) or its even more extreme suggestion that the government has somehow "entrapped" Greyhound (*id.*, p. 5). We cannot conceive of any way that the government could have made its position more clear.

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